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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 7, 2012

CERTIFIED RETURN RECEIPT
7011 0110 0001 3568 3452

William Bown
Bonneville Quarries, Inc.
842 West 400 North
West Bountiful, Utah 84087

Subject: Evaluation of Reclamation Surety, Bonneville Quarries, Grouse Creek Mine,
M/003/0031, Box Elder County, Utah

Dear Mr. Bown:

The last reclamation cost estimate for the Grouse Creek mine was completed in 2006 with the surety amount escalated to 2011 dollars, so the reclamation surety amount is now due for review and adjustment. The Division of Oil, Gas and Mining may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (rule R647-4-113.6).

The Division used the calculation from 2006, applied actual changes in costs to adjust the figure to 2012, and then used a five-year average (1.2 percent) to adjust the figure to 2017 dollars. As shown in the attached spreadsheet, the resulting amount is \$20,000.00.

The current reclamation surety is for \$18,700.00 in the form of a letter of credit with Zions Bank. The surety can be increased by amending the letter of credit or supplying cash, a surety bond, a certificate of deposit, or a new letter of credit for either the increased or full amount. If you supply an alternate form of surety for the total amount, the Division would release the existing surety. Please contact Penny Berry at 801-538-5291 or by e mail at bondcoordinator@utah.gov with questions about increasing the surety amount.

Please provide the increased surety by August 15, 2012.

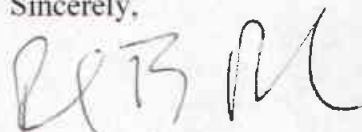
The Division also requests that you review the current Notice of Intention to Conduct Large Mining Operations (NOI) to ensure it is adequate and reflects the current operating conditions. Any necessary changes should be addressed by submitting an amendment to the NOI.



Page 2 of 2
William Bown
M/003/0031
June 7, 2012

Thank you for your cooperation. Please call me at 801-538-5261 or Lynn Kunzler at 801-538-5310 if you have questions about this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PBB', is written over the word 'Sincerely,'.

Paul B. Baker
Mining Program Manager

PBB.pb

Enclosure: Escalation Spreadsheet

cc: mnelson@blm.gov, jblake@utah.gov

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Grouse Creek		M/003/0031	
Surety Escalation		March 12, 2012	
	Percentage increase/year	Surety amount in <year> dollars	
2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$17,286.00
2007	2.12%	1.0212	\$18,226.36
2008	-3.40%	0.966	\$18,612.76
2009	2.90%	1.029	\$17,979.92
2010	1.80%	1.018	\$18,501.34
2011	2.90%	1.029	\$18,834.37
2012			\$19,380.56
2017		1.012	\$19,991.88
Rounded to nearest \$100			\$20,000.00

Note: The surety amount is listed in the row of the year in which it was calculated.
The escalation factor for a year is applied to the surety amount to take it to the next year.